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December 14, 2018

Don Gibbs, Plant Manager
Mid-America Steel Drum Company-CLCM
3950 S. Pennsylvania Avenue
St. Francis, WI 53235

AM/7

FILE CODE: 4530
FID NO.: 341158070
PERMIT NO.: 18-RAB-029

Dear Mr. Gibbs:

The Bureau of Air Management of the Department of Natural Resources (DNR) has received the updated emission calculations and additional application forms submitted by Container Life Cycle Management (CLCM) on November 29, 2018, as well as the technical memorandum prepared by TRC Environmental Corporation on behalf of CLCM dated August 9, 2018. After reviewing the additional information contained in the November 29th submittal and the August 9th memorandum, the department continues to find the application for construction permit 18-RAB-029 incomplete under s. 285.61(2)(b)2., Wis. Stats. For reasons explained in more detail below, the department does not agree with CLCM's assessment that the CLCM – St. Francis facility is not a PSD major source and does not require an after-the-fact Prevention of Significant Deterioration (PSD) permit to address changes originally authorized under construction permit 14-RSG-142. DNR once more requests that CLCM submit Best Available Control Technology (BACT) analyses for the scrubber-controlled wash processes and other modified sources of VOC emissions at the facility that will allow the department to make the required BACT determinations.

The application for construction permit 18-RAB-029 must consider the after-the-fact PSD evaluation

In a letter dated June 26, 2018, the department informed CLCM that the St. Francis facility required an after-the-fact PSD permit to address VOC and HAP emissions not previously disclosed to the department in the application for construction permit 14-RSG-142. The department based its conclusions on the PSD regulations codified in chapter NR 405, Wis. Adm. Code, the actual VOC emissions reported in the September 19, 2017 stack testing, and the information provided in the application for construction permit 18-RAB-029. With this better understanding of the current processes at the St. Francis facility and their emissions, and in the absence of conclusive information to the contrary, the department believes that the facility should have been permitted as a major stationary source, pursuant to s. 405.02(22), Wis. Adm. Code. Because the St. Francis facility requires after-the-fact PSD permitting, CLCM must provide additional information to either conclusively demonstrate the potential to emit of the facility at the time of issuance of 14-RSG-142 did not exceed major source thresholds or provide information to support BACT determinations. The BACT information is necessary for all the emissions units at the facility that emit VOCs and that either were new or modified under 14-RSG-142 or that are proposed to be new or modified under construction permit 18-RAB-029, as originally requested in the June 26, 2018 incompleteness letter.

DNR does not accept CLCM's revised potential to emit calculation for the St. Francis facility included in its August 9th technical memorandum and intended to demonstrate that the St. Francis facility is not a PSD major source. The results of the September 19, 2017 stack testing performed at the St. Francis facility clearly demonstrate that the scrubber-controlled wash processes are a large source of VOC emissions. During the testing, the average measured

emission rate of total organic compounds from the scrubber exceeded 53 pounds per hour. To calculate potential emissions from the wash processes, CLCM assumes that the emission rate recorded during the test represents the maximum quantity of VOCs that these processes theoretically could emit in any hour. However, pursuant to s. NR 400.02(127), Wis. Adm. Code, potential to emit means the maximum capacity of an emissions unit to emit an air contaminant under its physical and operational design, where physical or operational limitations that are federally enforceable may be treated as part of the emissions unit's design. The St. Francis facility has never had enforceable limits in its permits that would restrict hourly VOC emissions from the scrubber-controlled wash processes to the actual emission rate recorded during the September 19, 2017 stack testing. Based on the very high actual emission rate already demonstrated from these processes and the department's in-depth analysis of all submittals received to date, CLCM has not demonstrated that the potential to emit from the facility, or of the modification applied for under construction permit 14-RSG-142, are below major PSD thresholds.

On November 12, 2018, DNR staff and representatives of CLCM held a meeting to discuss CLCM's application for construction permit 18-RAB-029. One possible permitting approach discussed during that meeting was whether a facility-wide cap on VOC emissions of 40 tons per year (TPY) could be considered as a PSD-avoidance limit for the proposed capacity increase for the scrubber-controlled wash processes. During this meeting, DNR cautioned CLCM that such a plan was complicated by the unresolved concerns over PSD status of the 2014 project. Upon further consideration, the department has determined that such a permitting approach is not approvable in an after-the-fact PSD situation. In accordance with long-standing US EPA and department policy, DNR cannot issue a construction permit for existing equipment for which a facility failed to obtain a PSD permit without placing BACT or BACT-equivalent controls on the equipment in question.¹ The scrubber-controlled wash processes were clearly modified by construction permit 14-RSG-142 and therefore require BACT or BACT-equivalent controls.

Request for Additional Information

Based on its review of CLCM's previous application for construction permit 14-RSG-142 and its application for construction permit 18-RAB-029, the department has identified the following emissions units as subject to BACT review:

- P12 – Natural-gas fired 2.0 MMBtu per hour Water Heater
- P13 – Natural-gas fired 2.0 MMBtu per hour Water Heater
- P14 - Natural-gas fired 3.6 MMBtu per hour Water Heater
- P15 - Natural-gas fired 2.0 MMBtu per hour Water Heater and 2,000 Gallon Tank
- P32B – Curing Oven
- P32C – Auto external paint spray booth
- P41 – Drying oven
- P42 – Internal drum washer
- P44 – Plastic drum label stripping
- P45 - Plastic drum wipe cleaning
- P50C – Caustic drum drying oven
- P72 – Exterior wash/soaker for steel drum
- P73 – Exterior rinse for steel drum
- P74 – Internal double split washer for steel drums only
- P75 – Acidizer
- P80A – Caustic preflush
- P80B – Exterior caustic wash

P80C – Exterior rinse with water
P82 – Poly rinse tank system
P95 – Small plastic drum caustic pre-flush

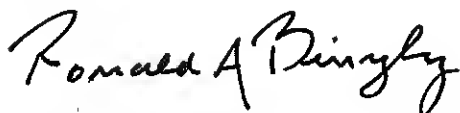
The department requests again that CLCM provided additional information for the units identified above, as well as any other modified or new emissions units that are sources of VOC emissions, sufficient for the department to make a BACT determination for each unit.

In its June 26, 2018 letter to CLCM, the department requested that CLCM provide additional explanation why 100% capture could not be achieved for each process that would be controlled by the RTO. The June 26, 2018 letter also requested additional explanation as to why the RTO cannot achieve a destruction efficiency of more than 95%. In the same letter, the department requested that CLCM explain how it proposes to demonstrate compliance with its proposal to cap VOC emissions from the St. Francis facility to no more than 99.5 TPY. The department again requests that CLCM provide additional information to explain how it proposes to demonstrate compliance with its proposed VOC cap, which it has now lowered to 40 TPY.

Please be advised that this is not a complete review of the 18-RAB-029 construction permit application or the operation permit application submitted at the same time as 18-RAB-029. Additional information or revisions of the application materials may be needed as the review proceeds. The St. Francis facility is currently working through several enforcement actions including a July 19, 2017 Notice of Violation from DNR and a November 27, 2017 Notice and Finding of Violation from US EPA that may affect the construction and operation permit applications and the extent of additional information needed to complete DNR's review.

The department also reminds you that it provided an exemption from construction permitting for installation and operation of the RTO and once again urges you to begin operating this control device. If you have any questions regarding the additional information the department is requesting, or the RTO exemption determination, please feel free to contact me at (608) 264-9243.

Sincerely,



Ronald Binzley
Air Management Engineer
Bureau of Air Management

Cc: Kendra Fisher, Field Supervisor – DNR Southeast Region
Kristin Hart, Chief - Air Permit and Stationary Source Modeling Section
James Bonar-Bridges, Legal Counsel – DNR Air Management Program
Jessica Kramer, Legal Counsel – Wisconsin Dept of Justice

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1. For US EPA policy on cases where a source failed to obtain a major NSR permit prior to commencing construction of a major source or major modification, see Eric V. Schaeffer, Director of Regional Enforcement, Guidance on the Appropriate Injunctive Relief for Violations of Major New Source Review Requirements, November 17, 1998 (commonly known as the "Schaeffer Memo").